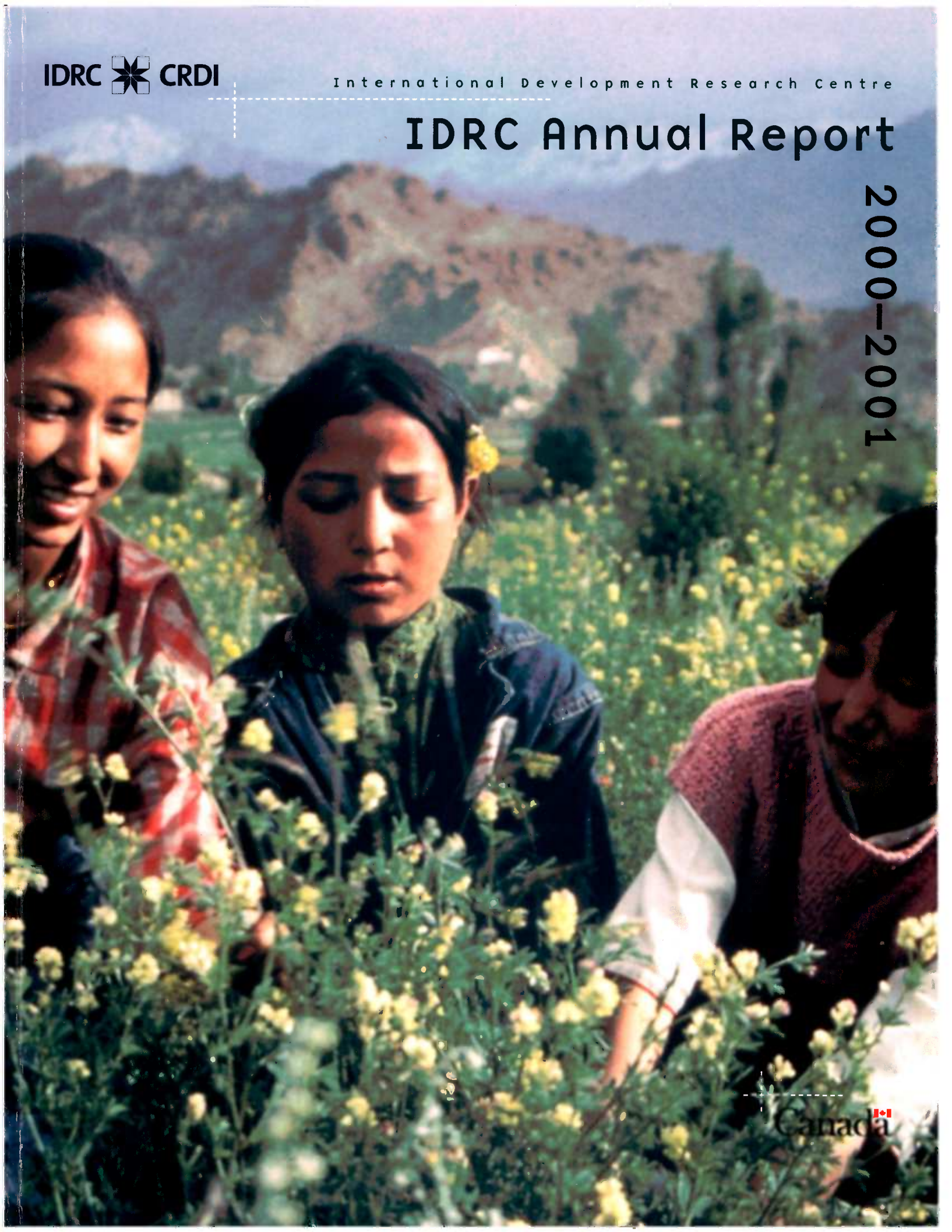


# IDRC Annual Report

2000-2001



The International Development Research Centre (IDRC) is a public corporation created by the Parliament of Canada in 1970 to help developing countries use science and knowledge to find practical, long-term solutions to the social, economic, and environmental problems they face. Support is directed toward developing an indigenous research capacity to sustain policies and technologies developing countries need to build healthier, more equitable, and more prosperous societies.

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### CHAIRMAN'S MESSAGE

IDRC marked its 30th anniversary in October 2000. When it was launched, three decades ago, IDRC was given considerable independence and a broad mandate "to initiate, encourage, support and conduct research into the problems of the developing regions of the world, and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions."

In 1970, the Centre's annual appropriation from the Parliament of Canada was \$5 million. In 2000/01, it was \$88.6 million, and its support for research extended to some 900 projects. In the three decades since its creation, the Centre has funded close to 6 500 projects in 122 countries. In doing so, it has provided training to thousands of researchers in the South. Research funded by IDRC has influenced national policies in areas such as the environment, health, and urban planning. IDRC's assistance has also facilitated the development of innovative and effective technologies.

On several occasions during its 30 years of experience, IDRC has chosen to reexamine its function and question how best it can discharge its statutory responsibilities. From those analyses came policy and structural changes designed to maintain IDRC's relevance, to improve its responsiveness, and to augment its effectiveness. So too in 1999: the result was the Corporate Strategy and Program Framework (CSPF) 2000-2005, which set out three broad areas of inquiry for Centre-supported research: Environment and Natural Resource Management; Information and Communication Technologies for Development; and Social and Economic Equity. This past year was the first year of implementation of this program framework.

This willingness and ability to adapt have been critical to IDRC's effectiveness. Also key is its Board of Governors. In his 2000 *Report to the House of Commons on the Governance of Crown Corporations*, released this past February, the Auditor General of Canada noted that many boards "lack essential skills and capabilities that are required to function effectively and to carry out their responsibilities for the affairs of the corporation." Not so IDRC's.

The Centre's Board is unique among Canadian corporations because of its international composition. The IDRC Act requires that only the Board's Chairman, Vice-Chairman, and nine other members be Canadian. The international component of the current Board is made up of eight governors from developing countries and one from the United States, appointed because of their concern for, and expertise in, development issues. The leadership and perspective provided by governors from outside Canada help to keep the Centre's programs relevant to the developing world while setting them within a broader international context.

The Board's Canadian governors, appointed on the basis of their personal reputation, bring to the table a diversity of views representing a broad cross-section of



Canadians, as well as ingenuity and commitment. Our Board is a direct reflection of IDRC's philosophy, which is to convene people from different backgrounds and different nationalities to work together and benefit from each other's experiences. Noteworthy in this respect is the Board's gender balance: women make up 40 percent of IDRC's current Board. On average, women make up 30 percent of Crown corporation directors, and only 10 percent in other sectors.

The Auditor General's 2000 report noted that the management of Crown corporations had improved since the Financial Administration Act was amended in 1984. IDRC's Board continues to review how it performs its functions and strives to improve its effectiveness by refining its corporate governance practices and policies. It also incorporates recommendations from the Office of the Auditor General's review of its yearly financial statements. Annual audits by the Auditor General have found the Centre's accounts in proper order.

In the past year, the Board dealt with a number of major issues arising from an operational review of IDRC's regional presence, the location of project finance and administration, IDRC's library, and IDRC Books, our publishing activity. The review was carried out in 2000, following several years of declining core resources in real terms.

At its meeting in March 2001, the Board approved a resolution to change the way the Centre delivers its program in Southern Africa. While the Centre will continue to support research in the region and in South Africa itself at the same high level as in the past, the office in Johannesburg will wind down over a 6-month period. Programs now administered from this office will either be relocated to other institutions in South Africa or will be administered from IDRC's regional office for Eastern and Southern Africa, located in Nairobi, Kenya. IDRC's regional office for Latin America and the Caribbean, in Montevideo, will be reduced and will focus on the Southern Cone and the Andes. To the extent possible, programs in the northern part of Latin America and the Caribbean will be run out of Ottawa. The savings realized as a result of these measures will be directed toward research institutions in the South.

Despite these changes, there remains a constant in IDRC's life: its emphasis on the cooperative nature of development. This is manifested in its many research networks that span the South and link South and North, and in its convening of like-minded donors to support research in the South. It is also embodied in its support of participatory, multidisciplinary research that seeks to involve all concerned in the search for solutions to development problems, from community members to political leaders. And it is practiced by IDRC's staff and Board.

**Gordon S. Smith**

Chairman, Board of Governors

# ABOUT IDRC





## AN OVERVIEW OF IDRC

- ⌘ The rationale behind the International Development Research Centre (IDRC) was both deceptively simple and highly innovative: a country's development depends on the capability of its citizens to address their own social, economic, and environmental problems. The parliamentarians who passed the **IDRC Act** in 1970 envisioned a Canadian organization that would help countries in the South develop that capacity.

In the words of the Act, the public corporation was “to initiate, encourage, support and conduct research into the problems of the developing regions of the world.” For the past 30 years, IDRC has supported researchers from both the South and the North in their search for the means to build healthier, more equitable, and more prosperous societies.

- ⌘ The Centre's approach is multidisciplinary. Teams of IDRC staff, composed of a variety of specialists, work on **program initiatives**. Together with researchers from developing countries, they identify a problem, then work together from the strength of their diverse disciplines to find solutions. Through **international secretariats**, IDRC brings donors together to develop research agendas and share costs. Secretariats are able to undertake research that is more ambitious than the Centre (or any single donor) would be able to support on its own. Although headquartered at IDRC, independent steering committees oversee the operations and research direction of the secretariats.

In addition to its program initiatives and secretariats, IDRC has developed several large **corporate projects**. These projects respond to special needs or opportunities that fall outside the Centre's conventional funding framework. For example, IDRC supports Canada's participation in the Middle East Peace Process by managing the Expert and Advisory Services Fund set up by the Department of Foreign Affairs and International Trade and the Canadian International Development Agency.

- ⌘ IDRC's mandate, status, and objectives are specific and different from the **Canadian International Development Agency** (CIDA). While both institutions work toward the goal of sustainable and equitable development, CIDA focuses on many of the practical applications of sustainable development. Its six priorities are basic human needs; gender equality; infrastructure services; human rights, democracy, and good governance; private sector development; and the environment. As the federal government department that administers most of Canada's Official Development Assistance program, CIDA also provides humanitarian assistance. IDRC, on the other hand, supports research. That support is directed primarily to researchers and research institutions in the South. In this way, developing countries generate the tools and expertise they need to develop their own solutions to the problems they face. The work of CIDA and IDRC, however, is complementary. CIDA often supports financially the implementation of IDRC-funded research efforts.

- # When the Parliament of Canada created IDRC, it granted the corporation **special status**. The Centre is not an “agent of Her Majesty.” Along with the Bank of Canada and the Canadian Broadcasting Corporation, IDRC is exempt from the Financial Administration Act’s specific rules governing Crown corporations. However, this special status does not give it carte blanche. IDRC, like every other federal department or agency, is bound by the general financial rules set out in that Act. The Centre is audited annually by the Office of the Auditor General and is accountable to the Parliament of Canada. But its special status does ensure that IDRC has the autonomy it needs to establish links and advance Canadian causes — even when, for political reasons, the government is unable to become involved officially.
- # Parliament provides IDRC with an **annual appropriation**. While this is its main source of revenue, the IDRC Act also allows the Centre to seek external funding. IDRC’s international reputation and the impressive set of networks it has established during the past 30 years make the prospect of cooperative ventures, through international secretariats, particularly attractive to outside donors.
- # IDRC increasingly supports **research for policy change** — research that can help shape national policies. To realize the vision outlined in the IDRC Act, developing countries need a policy framework, as well as civil institutions, to address and openly debate complex issues related to the environment, science and technology, and economics, to name a few. IDRC has helped to provide opportunities to a critical mass of skilled people who can build a foundation of evidence for policy choices and the public debate that goes along with policy development.
- # IDRC continues to influence the way research is conducted in the developing world. The Centre values a **multidisciplinary, participatory approach** that factors in gender considerations. This inclusive methodology helps to ensure that research is grounded in the needs of local people. As a result of experiencing both the process and its benefits, Southern researchers are increasingly adopting this approach.
- # Canadians believe in helping those at home and abroad who, for a variety of reasons, require assistance. They recognize that the best way of doing this is by supporting their efforts to become **self-sufficient**. Furthermore, in today’s interdependent world, Canadians understand that issues of environmental sustainability and health affect everyone, and that we also have a stake in solving them.
- # **Canada’s global reputation** is enhanced by the work of IDRC. As one member of Canada’s foreign affairs family, the Centre makes a direct contribution to the Official Development Assistance program of Canada, the objective of which is “to support sustainable development in developing countries, to reduce poverty, and to contribute to a more secure, equitable, and prosperous world.” Through development research, IDRC is helping to do precisely that.



## A Unique Institution

Many features describe and distinguish IDRC's approach. Chief among them are the following:

- # A focus on encouraging and supporting research in the South.
- # An insistence on building research capacity, defined mainly in terms of human resources.
- # The devolution of responsibility for management and administration of research to institutions in the South.
- # The intellectual flexibility and willingness to take risks and experiment.
- # The inclusion of gender considerations in research programing and analysis.
- # The tailoring of support to different countries to best match their needs, resources, and aspirations.
- # An emphasis on fostering collaborative partnerships between Southern and Canadian institutions.
- # A concentration on establishing partnerships with other donors that exploit our comparative strengths.
- # A commitment to encouraging connected communities of researchers, embodied in IDRC's program initiative structure.
- # An accent on assisting researchers to access and distribute information themselves.
- # The maintenance of a field presence in the four main developing regions.
- # A continuing improvement of its operational efficiency so as to maximize support for research in developing countries.
- # The promotion of evaluation as a planning, learning, and management tool.
- # An effort to ensure the impact of research by bringing it to the attention of policy- and decision-makers at all levels.



## IDRC'S PROGRAM STRUCTURE

### The South

Priorities and expertise of developing countries  
Networks of Southern researchers

### IDRC

IDRC assets (staff expertise, regional offices, previous projects and explorations)

### Canada

Canada's Official Development Assistance objectives

### Corporate Objectives (2000–2005)

To strengthen and help mobilize the indigenous research capacity of developing countries, especially directed to achieving greater social and economic equity, better management of the environment and natural resources, and more equitable access to information

To foster and support the production, dissemination, and application of research results leading to policies and technologies that enhance the lives of people in developing countries

To explore new opportunities and build selectively on past investments within IDRC's new program framework

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Themes	Program Initiatives	International Secretariats
<b>Environment and Natural Resource Management</b>	<ul style="list-style-type: none"> <li>Alternative Approaches to Natural Resource Management in Latin America and the Caribbean (Minga)</li> <li>Cities Feeding People</li> <li>Community-Based Natural Resource Management (Asia)</li> <li>Ecosystem Approaches to Human Health (EcoHealth)</li> <li>People, Land, and Water (Africa and the Middle East)</li> <li>Sustainable Use of Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Management Secretariat for Latin America and the Caribbean</li> <li>International Model Forests Network Secretariat</li> </ul>
<b>Social and Economic Equity</b>	<ul style="list-style-type: none"> <li>Micro Impacts of Macroeconomic and Adjustment Policies</li> <li>Peacebuilding and Reconstruction</li> <li>Trade, Employment, and Competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>African Technology Policy Secretariat</li> <li>Economy and Environment Program for Southeast Asia</li> <li>Micronutrient Initiative</li> <li>Research for International Tobacco Control</li> <li>Secretariat for Institutional Support for Economic Research in Africa</li> <li>Trade and Industrial Policy Secretariat</li> </ul>
<b>Information and Communication Technologies for Development</b>	<ul style="list-style-type: none"> <li>Acacia: Communities and the Information Society in Africa</li> <li>Pan-Global Networking (PAN)</li> </ul>	<ul style="list-style-type: none"> <li>Bellanet</li> </ul>

### Cross-cutting Research

Gender ⊕ African Consulting Capacity Building ⊕ Research on Knowledge Systems

### Program Support

Canadian Partnerships ⊕ Partnership and Business Development ⊕ Evaluation ⊕ Communications ⊕ Research Information and Management Service ⊕ Training and Awards

# THE YEAR IN REVIEW

## PROGRAM HIGHLIGHTS

### Young water testers visit Ottawa

Five teams of students from schools in Cuba, Mexico, Nepal, and the Ukraine won a 1-week trip to Ottawa – the prize in the **AQUAtox 2000** contest. The contest,



cosponsored by IDRC, the Canadian Museum of Nature, and other donors, was part of the AQUAtox 2000 project, in which students from more than 90 schools in Canada and the developing world tested water samples from their communities. The students learned how to use simple and

inexpensive water quality tests to detect chemical and microbial pollution. These tests were developed as part of an IDRC-supported project to promote safe drinking water in the South. ([www.idrc.ca/aquatox](http://www.idrc.ca/aquatox))

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### Trade and the developing world

The Trade, Employment, and Competitiveness program initiative organized a policy seminar at IDRC on **Trade Negotiations and Trade Policies in Developing Countries: What Role for Capacity Building and Research?** Diana Tussie, Senior Research Fellow in the International Relations Department at the Latin American Faculty of Social Sciences, Argentina, participated in the workshop. A leading expert on trade issues, Dr Tussie also appeared before the House of Commons Standing Committee on Foreign Affairs and International Trade and spoke to the National Press Club of Canada about the pros and cons of the Free Trade Area of the Americas.

### Awards

IDRC funds and administers a number of **award programs** in the field of international development. These range from doctoral research awards to those for graduate students studying urban agriculture. This year, IDRC granted 61 awards. ([www.idrc.ca/awards](http://www.idrc.ca/awards))

### Book launch in Chile

The Spanish version of the IDRC publication **Cultivating Peace** (*Cultivar la Paz*) was launched at the Centro de Extensión de la Universidad Católica, in Santiago, Chile, during the 16th Symposium of the International Farming Systems Association. The Canadian ambassador to Chile, Paul Durand, opened the session. The book presents essays and original case studies from the developing world showing how conflicts can lead to collaborative modes of managing natural resources.





### Diamonds and war

IDRC is supporting the work of **Partnership Africa Canada** on human security and the international diamond trade in Africa. This project builds on earlier investigations of the diamond trade and civil war in Sierra Leone, which resulted in the publication *The Heart of the Matter*. This report, launched at IDRC in early 2000, received wide media attention and has contributed to efforts in the international diamond industry to implement regulations to intercept diamonds whose sales on world markets are intended to fund civil wars and other criminal activities.

### www.Latin America

The Pan-Global Networking program initiative at IDRC has supported more than 25 projects and research activities in Latin America and the Caribbean over the past 3 years. Researchers from four of these projects shared their results during a public seminar entitled **What Good Does the Internet Do in Latin America?** Research topics included the impact of telecentres in the region and how community radio can exploit the Internet's resources.



### Networking in China

In the chilly, wet countryside of Southwestern China, the second international **Community-based Natural Resource Management** workshop was hosted by IDRC in collaboration with the Guizhou Academy of Agricultural Sciences. The workshop brought together 75 researchers who are working to prevent the destruction of natural resources by involving local people in resource management — an innovative approach that is not yet well known in their



home countries. The workshop presented a valuable venue for the participants, who came from 14 countries, to share experiences, exchange ideas, and build connections between research teams around the region.

([www.idrc.ca/cbnrm/news/newsletter\\_feb01.html](http://www.idrc.ca/cbnrm/news/newsletter_feb01.html))



## Seven years of results

Established in 1993, the Economy and Environment Program for Southeast Asia supports training and research in environmental and resource economics. It uses a networking approach to provide financial and technical support to researchers in 10 member countries. The multidonor secretariat, based at IDRC's Regional Office for Southeast and East Asia, has released a report that highlights the impact of its first 7 years. The full report is available online at [www.eepsea.org/impact/ir9300.pdf](http://www.eepsea.org/impact/ir9300.pdf).

## Lecturing on health

A study that showed how pesticide use by potato farmers in Ecuador affected their mental capacity was one of the subjects of the **Ecohealth Lecture Series 2000–2002**. Organized by Dr Donna Mergler, neurotoxicologist and professor at the Université du Québec à Montréal, the series is funded through an academic fellowship from IDRC. The lectures, which this year were held in Edmonton, Halifax, Montreal, and Toronto aim to encourage awareness and discussion of an ecosystem approach to human health.

## Building capacity to reduce poverty

Senegal has become one of the latest countries to join an IDRC research network that is helping developing countries design policies and programs that meet economic stabilization targets while alleviating poverty and reducing vulnerability. Senegal's Minister of Economy and Finance, Mr Makhtar Diop, and the Canadian ambassador to Senegal, Mrs Michèle Lévesque, attended a seminar in Dakar to launch a project that is part of the Micro Impacts of Macroeconomic and Adjustment Policies (MIMAP) Network. The project, cofunded with CIDA, aims to develop tools to assess the impacts of economic policies on the living conditions of the poorest groups of Senegal's population. ([www.idrc.ca/mimap](http://www.idrc.ca/mimap))



## INSTITUTIONAL HIGHLIGHTS

### IDRC's 30th anniversary



IDRC's 30th anniversary was recognized in the House of Commons on May 16, 2000, by Liberal MP Colleen Beaumier. Her statement spoke of IDRC's international reputation that enhances "Canada's stature abroad as a caring nation committed to helping the world's poor to improve their lives." IDRC also marked its anniversary with a marketplace that showcased some

of its contributions to people in the South and with a celebratory dinner. Guest speakers were the Hon. Mitchell Sharp and Maurice Strong, who both played significant roles in the creation of IDRC.

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### Summit of the Americas

IDRC contributed to several meetings and consultations leading up to the Summit of the Americas, held in Québec City in April 2001. Alain Berranger, Director of IDRC's Partnership and Business Development Division, made a presentation to the Americas Summit Implementation Review Group in Washington. Comprising senior political advisors to heads of state, this group was responsible for negotiating the Summit themes. Mr Berranger discussed IDRC's support of research on the use of information and communication technologies for development in Latin America.

### Intervention and the state

At the Millennium Summit of the United Nations in September 2000, Prime Minister Jean Chrétien announced the creation of the International Commission on Intervention and State Sovereignty (ICISS). The Commission's mandate is to build a broader understanding of the problem of reconciling respect for the sovereign rights of states with the need to act in the face of massive violations of human rights and humanitarian law. Under an agreement with the Department of Foreign Affairs and International Trade, IDRC is hosting the ICISS Secretariat. The Commission is headed by the former Foreign Minister of Australia, Gareth Evans (right in photo), and Mohamed Sahnoun, Special Advisor to the UN Secretary-General on the Horn of Africa and former IDRC Pearson Fellow (left in photo), pictured here with the Hon. John Manley, Minister of Foreign Affairs. (ICISS Web site: [www.iciss.gc.ca](http://www.iciss.gc.ca))





### Dot Force

A Digital Opportunities Task Force (Dot Force) was launched by the G-8 at its Kyushu/Okinawa Summit Meeting in July as a vehicle for the G-8 to develop concrete measures to help bridge the international digital divide. IDRC President Maureen O'Neil sits on the Dot Force committee. To inform Canadian input to the work of Dot Force, IDRC helped to organize an online consultation within Canada with civil society organizations and others interested in international development and digital divide issues. (Dot Force Web site: [www.dotforce.org](http://www.dotforce.org))

### Separate status for the Micronutrient Initiative



The Micronutrient Initiative (MI), currently a secretariat housed at IDRC, began its transition to stand-alone organization. MI works to end micronutrient malnutrition in the world through programs that include the fortification of common foods, dietary supplementation, support to public health initiatives, and the promotion of nutritious local foods. IDRC is proud of its important role in the incubation and growth of MI and will continue to collaborate with the initiative after its "graduation" from the Centre.

(MI Web site: [www.micronutrient.org](http://www.micronutrient.org))

### New faces on the Board

The Government of Canada named three new governors to IDRC's Board of Governors:



✚ **Norah Olembo**, a Kenyan, holds a PhD in biochemistry from the University of Nairobi. Since 1992, she has been the Director of the Kenya Industrial Property Office. Prof. Olembo is the Chair of the Radiation Protection Board, Kenya, a Board member of the Pest Control Board of Kenya, and the Chair of the African Technology Policy Secretariat (ATPS).



✚ **Lalla Ben Barka**, from Mali, is currently the Deputy Director General of the Economic Commission for Africa, a position she has held since January 1998. Previously, she was leader of the Programme décennal de développement de l'éducation team, which prepared a 10-year plan for education in Mali. She received her BA and MA from the University of Paris and her PhD from the University of Southern California.



✚ **Linda Sheppard Whalen** has been CEO of Longterm Environmental Action in Newfoundland since 1992. From 1993 to 1996 and from 1984 to 1988 she was a Lecturer at Memorial University of Newfoundland. Dr Whalen is a member of numerous environmental groups and was involved in preparing the response to the 5-year review of the Canadian Environmental Assessment Act. She holds a PhD from Memorial University, specializing in Anglo-Saxon language and literature.

## Organizational change

As part of an effort to reduce the Centre's operating costs, the Board of Governors approved the closure of the Regional Office for Southern Africa and the restructuring of the Regional Office for Latin America and the Caribbean. Changes have also been made to the operations of the library and to IDRC's publishing program. These measures will contribute \$2.6 million to meeting the Centre's target of cutting costs by \$4 million over the next 3 years.

## Directors of Program Areas

Three new members joined IDRC's Senior Management Committee as Directors of Program Areas:

- ✦ **Peter Cooper** is Director of the Environment and Natural Resource Management program. Dr Cooper received his PhD in soil science from Reading University and has lived and worked extensively in Africa and the Middle East with Britain's Overseas Development Administration (now Department for International Development) and the CGIAR system. Before joining IDRC, he was Director of Research and, most recently, Leader of the Systems Evaluation and Dissemination Program at the International Centre for Research in Agroforestry in Kenya.
- ✦ **Richard Fuchs** is Director of the Information and Communications Technologies for Development program. Mr Fuchs served as the Executive Director, and later as a Commissioner, for the Newfoundland Economic Recovery Commission. He was also the founder and CEO of the Enterprise Network Inc., a Crown corporation that established Canada's first rural online and telecentre service, beginning in 1988. In 1996, Mr Fuchs set up Futureworks, a firm specializing in the development of distance technology systems and services. It won the Newfoundland and Labrador EXPORT award in 2000. Mr Fuchs has a MA in sociology from Memorial University and has worked with IDRC on several projects.
- ✦ **Rohinton Medhora** is Director of the Social and Economic Equity program. Dr Medhora has held several positions during his 8½ years with IDRC. Before this appointment, he was Senior Program Specialist for Economics and Team Leader of the Trade, Employment, and Competitiveness program initiative. A former economics faculty member at the University of Toronto, Dr Medhora has worked on a wide range of topics including economic integration, monetary union, financial liberalization, central and commercial banking, trade, exchange rates, privatization, and structural adjustment. His other experience includes work for the International Monetary Fund and the World Bank's Economic Development Institute.





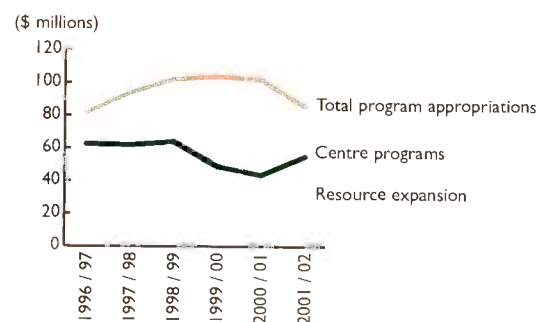
## FINANCIAL HIGHLIGHTS

### Appropriations for development research

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Over the past 5 years, IDRC's ability to finance development research has been compromised by the impact of inflation and the declining Parliamentary appropriation. In fiscal year 2001/02, however, IDRC will be able to allocate more resources to development research programs because of an increase in its Parliamentary appropriation and because of the positive impact of a number of restructuring initiatives that will be fully implemented by 30 September 2001 (Figure 1). The expected decline in the level of resource-expansion activities is due to the spin off from IDRC of two international secretariats and one large corporate project as independent legal entities.

Figure 1.  
Program appropriations,  
1996/97–2001/02.

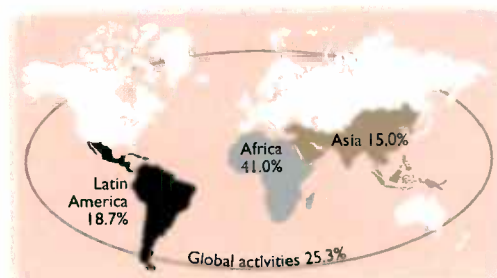




## Geographical distribution of appropriations

In accordance with IDRC's Corporate Strategy and Program Framework for 2000-2005, Africa received the majority of IDRC's support in 2000/01 (Figure 2).

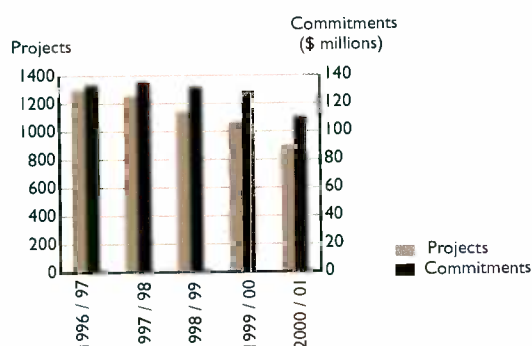
Figure 2.  
Geographical  
distribution of  
program  
appropriations,  
2000/01.



## Project load and outstanding commitments

Figure 3 presents, for the last 5 years, the number of projects administered by IDRC at year-end and the outstanding commitment values. Both the number of projects and the outstanding commitments have decreased over time, a direct impact of lower levels of appropriations in recent years.

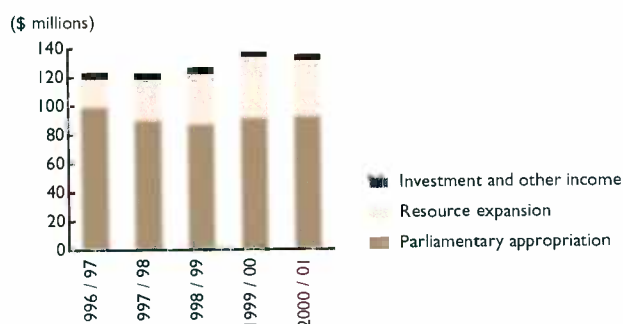
Figure 3.  
Project load and  
commitment levels,  
1996/97 to 2000/01.



## Sources of revenue

IDRC derives its revenue from three main sources: Parliamentary appropriations, resource-expansion activities, and investment and other income. For fiscal year 2000/01, revenues totaled \$135.3 million, with the Parliamentary appropriation accounting for 67%. Figure 4 presents the Centre's main sources of income for the last 5 years.

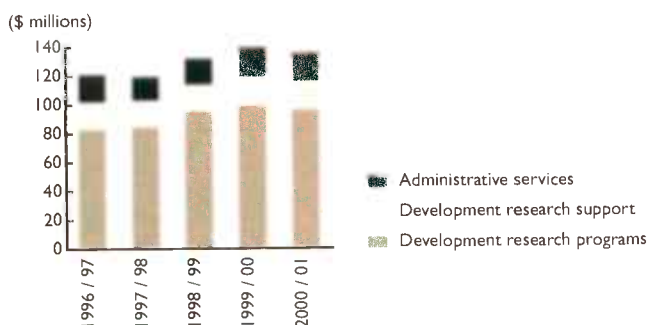
Figure 4. Income,  
1996/97 to 2000/01.



## Expenditures

In 2000/01, IDRC implemented a three-tiered cost structure. This new structure distinguishes between research grants (development research programs, type A), knowledge-intensive program support (development research support, type B), and administrative costs (administrative services, type C). Expenditures for the year totaled \$135.3 million before one-time restructuring costs of \$1.7 million, producing a mostly balanced budget for the year. The allocation of expenditures by category is depicted in Figure 5. The mid-layer of development research support costs, which represents 15% of total expenditures, provides the Centre with its distinguishing feature of program delivery. In similar organizations, this cost is typically embedded in development research program expenditures, since this function is frequently contracted out. At 15% of total expenditures, administrative services costs are comparable with other donor agencies.

Figure 5.  
Expenditures,  
1996/97 to  
2000/01.





PARTNERSHIPS  
FOR PROGRESS



## PRESIDENT'S MESSAGE

### *A Collaboration of Mutual Discovery and Reciprocal Reward*



Amid all the turmoil and change of the past 30 years, IDRC has been guided by a true and steady purpose: to promote the capacity of people in developing countries to explore, understand, and improve their own futures. The Centre's specific contribution to development is to help generate knowledge — the knowledge to inform strategies of economic and social development that benefit the poor foremost. And since our founding in 1970, IDRC has always understood that development research is a collaborative venture.

Indeed, the best development research reflects the conviction that those most familiar with the needs and aspirations of their own communities are best placed to design and conduct research projects. By combining resources and wisdom in new alliances and proven partnerships, IDRC helps create new opportunities — and better results — for research in developing countries.

But there is a deeper principle that underlies IDRC's enduring reliance on partnerships. As a matter of principle, the people of any country are entitled to take part in the decisions that govern their lives. And participation is only meaningful if it is knowledgeable. People need to know the hard facts on which real choices are constructed. They also need knowledge of good governance — procedures of choosing that are open, effective, and democratic. IDRC supports research that can inform those choices, to make them fairer and more productive.

Such research by its nature is a cooperative enterprise — inclusive, transparent, and with an emphasis always on directing benefits to the poorest people of poor countries. That is why we find ourselves natural advocates and practitioners of global networks, the new dynamic of governance. These proliferating networks bring together governments and businesses, scholars and legislators, nongovernmental organizations (NGOs) and community activists, and international institutions, all in purpose-built coalitions with a common cause. Some networks form for research alone; others seek to accommodate diverse interests in new and better public policy. They typically reach across national borders, transcending traditional boundaries of economic interest, academic discipline, or political preference. More web than hierarchy, a successful network fosters open and equitable participation, facilitating an easy interaction between research insight and practical application.

These are the kinds of partnerships that IDRC has always encouraged. In many ways they reflect the values and recommendations advanced back in 1969 by the Commission on International Development, chaired by Lester B. Pearson. The Commission's influential report, *Partners in Development*, emphasized the significance of global interdependence, and promoted the practical virtues of multilateral cooperation. As well, the Commission stressed the central importance

of building the capacity of developing countries to identify and develop their own potential. (Mr Pearson became IDRC's founding Chairman the following year; *Partners in Development* became something of a founding creed for the Centre.)

But frankness demands a cautionary word. Partnership and its synonyms have too often been abused in the past as euphemisms to mask the real inequities and disadvantages that the poor countries suffer when dealing with the rich. Genuine partnership is a collaboration of mutual discovery and reciprocal reward. For IDRC, partnerships have repaid themselves many times over in new knowledge, new and productive coalitions, stronger credibility, and a dramatic multiplier effect for

### 10 Principles of Partnership

By partnership, IDRC envisages a relationship based on a shared vision and mutual respect that addresses equitably issues of ownership and control; that recognizes fully the different contributions of each partner; that explicitly acknowledges reciprocal rights, obligations, and accountability; and that is conducted in an open, transparent, and collegial manner.

IDRC's partnerships are built on the following principles:

1. **A shared vision:** Effective collaboration requires a commonality of purpose and full intellectual partnership. Partners must share a vision of the value of the research, the intended objectives, the potential outcomes, and the soundness of the methodology.
2. **Joint ownership:** The research protocol should be jointly elaborated, and the division of tasks should be clearly delineated and meet the needs of all partners.
3. **Shared control:** Southern partners should be able to take responsibility for managing the project and funds, to innovate, experiment, and learn.
4. **Reciprocal accountability:** A mechanism is needed to enable all partners to jointly monitor performance and be accountable.
5. **Sustained commitment:** Partners must provide sustained support for the duration of the work, confirming their reliability and commitment and thereby building strong relationships.
6. **Flexibility and versatility:** The partnership must adapt to changing circumstances and accommodate the full range of research support.
7. **Effective communications:** Partners must share information in an open, timely, and collegial fashion. They must respect the communication culture, resources, and perspectives of their partners.
8. **Streamlined administration:** Partners need to simplify, reduce, update, and harmonize their administrative rules and regulations.
9. **Coordination of efforts:** Partners need to communicate with other interested parties — and form alliances with them — to reduce duplicate or conflicting demands on Southern research institutions and help mobilize additional support.
10. **Effective follow-up:** After the end of the project, due attention must be paid to disseminating findings and promoting their use, as well as to building new partnerships to continue the work.

IDRC's annual grant from the Parliament of Canada. The long-term political and economic benefits to Canada are literally inestimable.

IDRC's approach to partnerships — and to the primacy of promoting good governance — finds expression in the Corporate Strategy and Program Framework for 2000–2005. The Centre has accelerated efforts to make research findings more available and more relevant to the widest diversity of end-users: local communities, governments, scientists, NGOs, aid donors, and others. And we are concentrating on three priority program areas: social and economic equity; better management of the environment and natural resources; and opening a more equal access to information and communication technologies, so as to close the digital divide that marginalizes the poor.

In Canada, the Centre is placing renewed emphasis on expanding collaboration with domestic partners — especially the Canadian International Development Agency (CIDA) and the Department of Foreign Affairs and International Trade. Furthermore, we see rich opportunities for more extensive alliances between researchers of the South and the Canadian research community. As one example, IDRC is responsible for launching the Institute for Connectivity in the Americas, announced by the Prime Minister at the 2001 Summit of the Americas in Québec City.

IDRC's contribution to these objectives depends crucially on the talents and creativity of our partners. It also depends on money. IDRC has worked closely with CIDA and others for a real increase in Canadian Official Development Assistance (ODA), and for an enhancement of IDRC's own appropriation from Parliament. In addition, we continue discussions on an improved ODA-allocation procedure that would allow IDRC a more active and informed participation in the process.

In sum, IDRC welcomes the better international understanding of partnerships as a valuable instrument for development research. These collaborations reinforce the Centre's own capacity to promote research, with our partners, for the benefit of poor people in poor countries. More than that, the new networks of cooperation help to empower the people of the South themselves to understand their choices more clearly and to advance their own sustainable and democratic development.

**Maureen O'Neil**

President



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## HAND IN HAND WITH RECIPIENTS

### *The Collaborative Advantage*

IDRC is in the business of supporting researchers in the South. But in the Centre's case, "support" signifies more than funding. It means working in partnership with grant recipients toward a common goal, that of putting research in the service of society in the developing world.

A defining element of the Centre's partnerships is the collaborative relationship between IDRC staff and recipients. Program officers work in close contact with researchers, sharing their knowledge, expertise, and experience. These contributions include helping to develop research proposals; providing relevant literature; identifying professional contacts; arranging training opportunities; and traveling to the field to monitor projects. At the institutional level, IDRC staff also work with organizations in the South to build their technical and administrative capacities.

At first glance, IDRC-recipient partnerships seem to be based on a "hands-on" approach to development assistance. In fact, as the following examples show, Centre support is more in the nature of a helping hand — extended to enhance the ability of Southern researchers to conduct their own research into their own development problems. An evaluation of past IDRC project leaders showed that this nonmonetary support helped them to develop skills, pursue their research agendas, and inform public policy. "IDRC likes you to shine on your own," said one of the project leaders in the study. "It shows you how to swim and lets go. It's up to you to sink or swim."



## THE INTERNET AND CIVIL SOCIETY

Although civil society organizations (CSOs) in Central America have been quick to adopt the Internet as part of their day-to-day operations, it has been difficult for them to measure its effects on their work. The technology's relative newness means there is no standard methodology for assessing its impact on organizations. Since the Internet can be a powerful agent of change, such assessments are critical to guide its use. "There are possible negative impacts from the Internet on civil society," notes IDRC Program Officer Ricardo Gómez. "It can not only help build a stronger society, it can also further atomize it."



Dr Gómez helped to develop a six-country research project with the **Fundación Acceso**, a not-for-profit organization that works to strengthen CSOs in Central America. The study used a combination of surveys, case studies, and interviews to assess the Internet's impact on more than 100 organizations in the region. Dr Gómez made important contributions to the project, such as providing input to the research design and the framework for analysis.

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"IDRC's contribution cannot be measured only in terms of financial resources but in the permanent involvement of its staff in discussions about goals, methodology, difficulties, and lessons learned during the project," says Kemly Camacho, the project coordinator with Fundación Acceso. "This kind of cooperation from IDRC to our countries sets the Centre apart from other international donors."

The results of the study form part of the paper *The Internet ... Why? and What For?*, cowritten by Dr Gómez and Juliana Martinez of Fundación Acceso. The paper argues that the use of information and communication technologies must contribute to social progress.

(Fundación Acceso Web site: [www.acceso.or.cr/PPPP](http://www.acceso.or.cr/PPPP))

## "TO PLAN IS TO CHOOSE"

— JULIUS NYERERE, 1965

From a base office in Dar es Salaam, IDRC staff work alongside their counterparts from the Tanzanian Ministry of Health testing an innovative approach to decentralized planning and delivery of essential health services. The idea behind the **Tanzanian Essential Health Interventions Project** (TEHIP) is to improve health, not by spending more money but by planning spending more efficiently, according to where needs are greatest. TEHIP is showing how, by integrating research and

development efforts, health management teams in two districts can develop local plans based on local sources of information and data rather than implementing programs imposed from above. "The strength of the project is its thrust in capacity building," says Dr Peter Kilima, former Director of Preventative Services and long-time collaborator with the project. "The training ... has marshaled the capacity and means to plan, set priorities, and allocate resources. This is an invaluable asset that will continue to be utilized even when TEHIP support to the districts comes to an end."



TEHIP is a joint initiative of IDRC and Tanzania's Ministry of Health. The project is contributing to ongoing national health sector reforms that aim to improve the efficiency and accessibility of health services throughout the country.

(TEHIP Web site: [www.idrc.ca/ehip](http://www.idrc.ca/ehip))

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## NETWORKS: PARTNERSHIPS IN ACTION

Research networks provide another example of IDRC partnership in action. Networking has been at the core of the Centre's philosophy and operations from the start, an explicit recognition that development and the research to support it are by necessity cooperative ventures. For a number of years, IDRC has worked intensively with networks, lending significant intellectual support and investing 25 to 30 percent of its appropriations in networking arrangements.

### Made in Asia

Staff in six regional offices act as an "ear to the ground," contributing to IDRC's understanding of research issues and development needs in the South. In Asia,



staff in the Centre's Southeast and East Asia office brought together a network of Asian policy researchers and national research managers in 1997 to examine and organize thinking around key regional development challenges. These included the Asian financial crisis; reforms in social security, aging and long-term care; agricultural liberalization and food security; and the role of social capital. The **Asian Development Research Forum** (ADRF) now has

80 members and is guided by a steering committee chaired by the University of Malaya. It convened its fourth general meeting in June 2001 in Singapore with support from the Thailand Research Fund and the Institute of Southeast Asian Studies. Key meeting themes are defined by working groups on economic integration, aging, and environmental conflict management, all from an Asian perspective. Through collaboration and networking, ADRF members seek to change national research agendas and to increase the impact of research on development imperatives. (ADRF Web site: [www.adrf.org](http://www.adrf.org))

### Joint action on agriculture and natural resource management

On a continent that is so dependent on agriculture, the pool of agricultural researchers in sub-Saharan Africa is relatively small. In the mid-1990s, for example, national agricultural research institutes of 10 countries employed a total 2 300 such scientists, about the same number as in Indonesia alone. IDRC saw an opportunity to help build research capacity through regional collaboration and, accordingly, played a leading role in establishing the **Association for Strengthening Agricultural Research in Eastern and Central Africa** (ASARECA) in 1994. Working in 10 countries, ASARECA aims to strengthen and increase the efficiency of agricultural research in the region and to facilitate economic growth, food security, and export competitiveness through productive and sustainable agriculture. IDRC contributed to the consultations and studies to develop ASARECA and sat on the task-force that shaped its design. The Centre continues to support ASARECA programs, along with several other donors, and is working with the Association to focus more research attention on natural resource management, gender, and policy development. (ASARECA Web site: [www.asareca.org](http://www.asareca.org))







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## JOINT ACTION WITH OTHER DONORS

### *Exploiting Comparative Strengths*

If there is one thing 30 years of supporting development research has underscored, it is just how complex development problems are. The steady loss of biodiversity, the overuse of natural resources to the detriment of the poor and marginalized, and the inequities of global trade defy simple solutions. And yet these problems cannot be ignored. Where the need for action has been clearly identified but existing organizations are not up to the task, IDRC has often turned to other like-minded institutions within the donor community for help. International secretariats, many housed within IDRC, are one of the mechanisms by which the Centre mobilizes and leverages the human and financial resources needed to tackle large-scale problems. Independent steering committees drawn from partner institutions and the Southern research community ensure a focused research agenda and efficient operations. The net result: secretariats maximize donor effectiveness and minimize program duplication and cost.

IDRC has also found willing partners to support individual projects funded through its program initiatives: the multidisciplinary, global teams that carry out the bulk of the Centre's research support activities. These mechanisms are among the many ways that, over its history, IDRC has sought to increase the resources available to Southern researchers. Development is a messy business that does not lend itself to a one-size-fits-all approach. There is no denying that shrinking budgets — a reality for many grant-making institutions — have also played a role in IDRC's efforts to expand its funding sources.

"However," says Alain Berranger, Director of IDRC's Partnership and Business Development Division, "IDRC makes it absolutely clear to all its partners and potential partners that we do not want to be seen as just a conduit for money or a



provider of funds. Our interest and responsibility rest in being seen as a donor-partner that engages our Southern counterparts, and many others, from project development through to the final evaluation of results.”

That message seems to have fallen on receptive ears: resources from outside IDRC now account for one-quarter of its program spending.\* With more and more new actors looking to support the scaling up of research and development results in the South, Berranger sees more scope for expanding donor and private sector partnerships. But there is a caveat.

“The bottom line is a fit with IDRC’s priorities and programing direction,” says Berranger. “Beyond that, if you look at IDRC’s partnerships, you’ll see a great deal of complementarity among the institutions we work with and a real added-value to the work we do together.”

The following examples clearly support his assertion.

## OLD FRIENDS RENEW TIES

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Over the past two decades, IDRC and the Ford Foundation have collaborated on more than 100 projects covering everything from economic policy to social reconstruction. That relationship is experiencing a bit of a renaissance thanks to a closer working relationship between the two institutions’ presidents and a closer collaboration among their regional offices.

- # In Cairo, Egypt, the Foundation’s local office is collaborating with IDRC to create a regional research fund for the Middle East and North Africa that will look at ways to improve human health by better managing the local ecosystem. The fund will help build a local expertise in ecosystem approaches to human health, a methodology that IDRC has helped to pioneer.



- # Through their offices in Delhi, India, IDRC and the Ford Foundation are exploring new avenues for promoting the sustainable and equitable development of medicinal and aromatic plants in Asia. An important component in the region’s primary health care and in traditional medical practices, such as Ayurveda, the long-term survival of these plants is jeopardized by overexploitation.

\* This excludes the Micronutrient Initiative (MI), a multidonor secretariat working to end micronutrient malnutrition. It has an annual operating budget of \$35 million. CIDA is one of MI’s biggest supporters.

## SHARED VISION, JOINT ENDEAVOURS

IDRC's history of collaboration with the Dutch Ministry of Foreign Affairs' Directorate General of International Cooperation is a very active one: the Dutch are the Centre's largest non-Canadian cofunder. This country of some 16 million people is well known for its contributions to human development. One of only four countries to exceed the United Nations target of dedicating 0.7 % of their gross national product to official development assistance, it annually contributes more than \$4.5 billion to development activities. Some of the more notable areas of collaboration with IDRC include

- # **The Secretariat for Institutional Support for Economic Research in Africa (SISERA):** Housed within IDRC's regional office in Dakar, Senegal, SISERA provides technical and financial support for African economic research institutions. It seeks to build an elite corps of African economists whose research will inform policymakers and enhance the role of civil society in debates about economic policy options.
- # **Resource Centre on Urban Agriculture and Forestry (RUAF):** This is an information clearinghouse for municipal authorities, policymakers, and other stakeholders looking to harness the potential of urban agriculture. While governments recognize the contribution of urban farmers to local employment and to cleaner, healthier cities, many struggle to integrate urban agriculture into sustainable urban management practices. RUAF is one of the resources administered by IDRC's Cities Feeding People program initiative.



### IDRC and CIDA

IDRC and CIDA share a unique relationship. In many instances, IDRC-supported research has pointed to critical development activities that CIDA has subsequently funded. Over their history, the two institutions have collaborated on a range of projects touching on topics as varied as poverty alleviation, women's health, and environmental management in the Ukraine. CIDA's President, Len Good, sits on IDRC's Board of Governors, providing input and direction into Centre programming. In the past year, senior management from both institutions met to discuss strategic directions and areas for further collaboration.

An enduring example of IDRC's and CIDA's long partnership is the Consultative Group on International Agricultural Research (CGIAR), an informal association of 58 public and private sector members that supports agricultural research for farmers in the developing world. Agriculture still plays a critical role in the development of poor countries, where over 70 percent of the people depend on the land for their livelihood. As members of CGIAR, CIDA and IDRC are helping to promote sustainable agricultural development based on the environmentally sound management of natural resources. This support is also benefiting Canadian farmers. Thanks to the work undertaken in 2 of CGIAR's 16 international agricultural research centres, for example, Saskatchewan farmers now have a new crop to replace less profitable wheat and canola: chickpeas. In 1995, only 80 hectares of chickpeas were planted in the province. Five years later, Canada has become the world's largest exporter of chickpeas, with sales topping \$160 million in 2000: 98% of Canada's chickpea crop is grown in Saskatchewan.







## CANADA AND THE SOUTH IN A SHARED ENTERPRISE

### *Research – A Two-way Street*

This past year, IDRC President Maureen O’Neil told conferences of the Association of Universities and Colleges of Canada (AUCC) and Ryerson University that some of the new bounty Canadian universities will enjoy from the Canada Foundation for Innovation and the Canada Research Chairs needed to be directed to increased research collaboration with Southern researchers. “The university atlas must include the developing regions of the world,” she said.

IDRC had heeded the call to link Canadian and developing-country knowledge institutions 20 years earlier when, at the government’s request, it established a cooperative program to bring research institutions into closer partnership. The Canadian commitment was in direct response to the proposal by developing countries at the 1979 United Nations Conference on Science and Technology for Development that “direct linkages should be established between the research and development systems of developed and developing countries.” Today, partnerships between Southern and Canadian researchers are an integral part of IDRC’s programing: in 2000/01, about 13 percent of the Centre’s budget was used to support Canadian collaboration. And if the intent then was to help bridge the developing world’s scientific and technological gap, now it is equally dictated by the challenges of globalization.

## FORGING BROAD-BASED ALLIANCES

These linkages build on an existing — and abiding — interest on the part of Canadians in the developing world. To enhance that understanding IDRC seeks



to enable a variety of groups in Canada to contribute to, and benefit from, international cooperation. A case in point are the universities: IDRC helped strengthen development scholarship by contributing to the establishment of chairs at the University of British Columbia and Laval University. An IDRC grant is helping to transform McGill University's Centre for Developing Area Studies into an interuniversity research centre for international studies involving three other Québec universities. And IDRC is now engaged in the second round of a joint venture with the Social Sciences and Humanities Research Council, the "Canada in the World" Research Grants.



The flip side of "Canada in the World" is "the World in Canada." And that world is represented by a wealth of institutions and organizations. Some, such as AUCC, the Canadian Council for International Co-operation, and the Canadian Association for the Study of International Development, offer IDRC linkages with important constituencies: universities, NGOs, and development scholars, respectively. Others are notable for the importance they accord to involving citizens — particularly

youth — in international issues, in innovative ways, from media fellowships to cross-Canada tours of The Global Change Game, an interactive, award-winning program that educates people about global issues. As students in Okotoks, Alberta, wrote after participating in the game: "We gained a better understanding of the issues challenging us in our international community both in the present day, and in the future. On a smaller scale, we also learned the valuable tools of cooperation, communication, and responsibility."

## MANY APPROACHES, MULTIPLE BENEFITS

Partnerships between Canadians and their Southern counterparts can take many forms, and bring many benefits. Here are some examples.

### Cross-national education for sustainable development

How can communities be part of the global economy while maintaining environmental practices that will sustain development in the future? This was what 174 participants from 31 countries — all midcareer professionals from a variety of disciplines — tried to determine last August as they pondered how to balance resource extraction with tourism in British Columbia communities. In 1998, these associates in the Leadership for Environment and Development (LEAD) International program had delved into the intricacies of water management on China's Loess Plateau. Founded in 1991 by the Rockefeller Foundation, LEAD's mission is to develop a global network of leaders who are able to develop policies that emphasize sustainable and equitable use of the Earth's resources. Canada was the



first industrialized country to join LEAD in 1994: today there are 12 member programs of LEAD International, encompassing more than 40 countries. IDRC has supported 85 Canadians in the LEAD Canada program.

### Training the trainers: a new university learns to do research

Process is often as important as content. This is certainly the case in a collaborative community-based natural resource management project in Laos that links York University (Canada), the University of Sydney (Australia), Chiang Mai University (Thailand), and the National University of Laos (NUOL). The goal: to build research capacity at the very new NUOL by carrying out small projects on natural resource management and food security, both critical issues for Laos' largely rural population. Because NUOL's faculty members have limited research experience, a great deal of attention is devoted to introducing them — in the Lao language — to a wide range of applied research methods and concepts. Equally important, says project leader Peter Vandergeest of York University, Toronto, the project is helping them develop a picture of the larger, critical role universities can and should play in the country — generating knowledge at the local level that can influence national policy. The participation of Chiang Mai University, a rural university that has become a regional centre, is crucial in this regard. For Vandergeest, many rewards come from "the opportunity to learn about a new country, new issues, a new context." Parallel funding for the project comes from the Rockefeller Brothers Fund and the East-West Center (Hawaii).



### An award-winning collaboration in Cuba

In the inner city core of Havana, Cuba, 170 000 people crowd in just over 3 square kilometres of tenements, with few municipal services. Ill health and violence flourish. To improve the situation, the city launched a pilot project in 1996: an intensive rehabilitation program of Cayo Hueso, one of the districts, carried out by and for the community. To help determine how best to use their scarce resources, the National Institute for Hygiene, Epidemiology, and Microbiology (INHEM) and the University of Manitoba assessed community needs.

The partnership continues in an evaluation that is linking INHEM with neighbourhood popular councils, community urban development groups, and the University of Manitoba. The university contributed skills and research knowledge and helped develop methods of determining the effectiveness of measures taken to improve life in Cayo Hueso. Jean Lebel, team leader of IDRC's EcoHealth program initiative, considers that "the Cuban and Manitoban research teams both benefited enormously by being able to develop a methodological approach that is on the cutting edge of a new field: applying an ecosystem approach to understanding human health." Ultimately, he says, "the scientific community at large as well as other countries with the same type of development problems could benefit." In January 2001, the project was awarded the Cuban Academy of Sciences Award (Health), one of the most prestigious scientific recognitions in Cuba.





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## SOUTHERN RESEARCHERS JOIN FORCES

### *Common Ground, Common Future*

Throughout the South, researchers are working to find ways of overcoming their nations' development challenges. Their task is made all the more difficult in that they often work in isolation from their colleagues in other countries. They can be physically isolated — working in remote communities — or lack the physical and financial resources to connect with like-minded researchers.

Yet, the benefits they can gain from learning from one another and working together are significant. Southern researchers know Southern realities better than anyone. What works in one country may work in another. Moreover, pooling talents and resources to work on shared problems makes sense: not only is it a way to make use of scarce resources, but it also recognizes that some problems simply cannot be solved alone. Whether they are related to a geographic system, a hydrological system, or an economic system, some challenges transcend national boundaries.

IDRC's approach is based on a belief in the value of research in the South, by the South, for the South. Supporting researchers in different countries to work together to solve common challenges is one way this plays out in practice — by fostering research networks and by bringing together partners from various countries to work on shared problems.



## PALESTINIAN AND ISRAELI SCIENTISTS WORK TO PROTECT CRITICAL WATER RESOURCES



The single best source of drinking water for both Israelis and Palestinians comes from a shared aquifer. If this aquifer is over-pumped, or otherwise unsustainably used, it could be irrevocably ruined — depleted, polluted, or contaminated with saline water. Since 1993, with support from IDRC, researchers from Israel and from Palestine have been working together to develop an approach for jointly managing the Mountain Aquifer that underlies their borders — a project clearly in the interests of both. These researchers, who previously were isolated from one another, have continued to collaborate regardless of breakdowns in the peace process.

The Mountain Aquifer underlies the central mountain ridge and stretches 150 kilometres from the West Bank into Israel. Because the aquifer's properties were not well

understood — most of the flow is westward toward Israel, but some is eastward into Palestine — researchers first carried out hydrological research. They then developed a detailed model of how the aquifer could be jointly and sustainably managed, which they are promoting to policymakers from both Israel and Palestine. Special attention was paid to appropriate management during periods of drought, which are common in the region. IDRC support for this project, which was completed in 1999, was directed toward researchers from Palestine. The Charles R. Bronfman (CRB) Foundation funded the Israeli component of the project.

## LATIN AMERICAN RESEARCHERS FOCUS ON WORLD TRADE NEGOTIATIONS

When it comes to international trade negotiations, developing countries are at a significant disadvantage. Northern countries have hundreds of policy analysts examining world and regional trade issues from various angles — these analyses are used by negotiators at the bargaining table. But developing-country negotiators come to the bargaining table less prepared and with far fewer materials tailored to their country's realities. In the highly charged world of international trade negotiations, this means Southern negotiators are less able to limit threats and maximize opportunities.

With support from IDRC, the Latin American Trade Network (LATN) was created in 1998 to build a network of scholars and public policy analysts who could examine trade issues from a Latin American perspective. From labour standards to the environment to competition policy, the group is analyzing critical trade issues on the regional and World Trade Organization agenda. Latin American governments have considered LATN's analyses in setting policy. Negotiators have also used them. In fact, network researchers have been able to identify issues of joint concern, pointing out opportunities for bargaining coalitions. The network is also helping to broaden debate on trade issues in Latin America. As project leader Diana Tussie, a senior research fellow at FLACSO (the Latin American Faculty of Social Sciences) puts it: "LATN is providing hands-on debate of issues that were handled by diplomats with little participation and accountability. There is now a network of people who feel that they can share issues and can move things on the ground with support from colleagues."



Other agencies supporting this network include the Inter-American Development Bank, the United Nations Conference on Trade and Development, the United Nations Economic Commission for Latin America and the Caribbean, the Instituto para la Integración de América Latina y el Caribe, the International Institute for Sustainable Development, and the Ford Foundation.



## PREVENTING DEGRADATION OF THE WORLD'S HIGHEST MOUNTAIN REGION

The Hindu Kush-Himalayan region — the world's highest mountain zone — stretches 3 500 kilometres over eight countries from Afghanistan in the west to Myanmar in the east. This mountain system is home to more than 140 million people and affects the lives of three times as many in the plains and river basins below. But the region's natural resources — soil, water, forests, pastures, and biodiversity — are being rapidly depleted. This spells disaster for the people who depend on them for their survival.

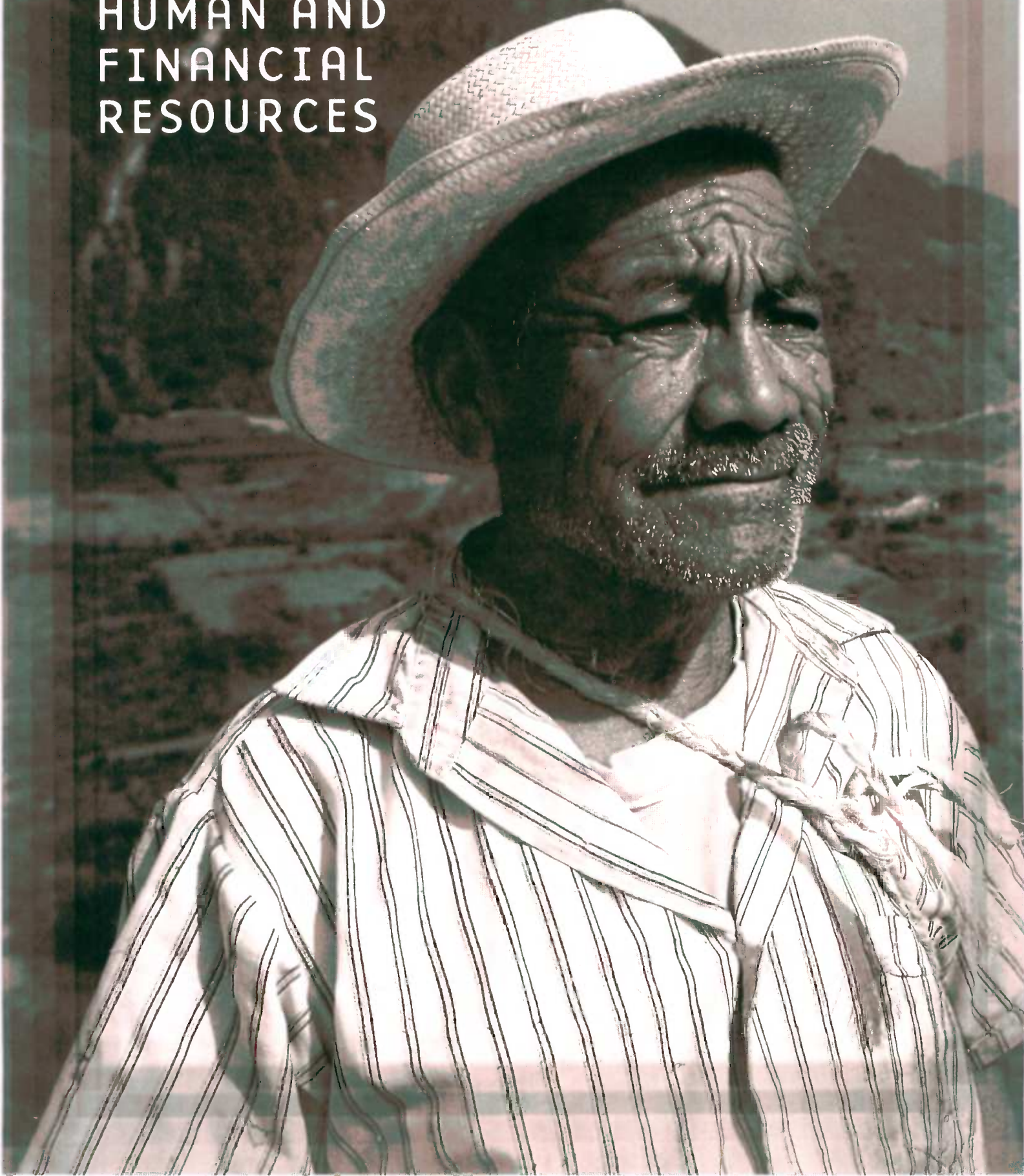
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Because the mountain system is interconnected — for example, a dam built in one country affects water supply in another — a piecemeal approach to solving problems ends up treating the symptoms rather than the cause. To develop an integrated approach to sus-

tainably managing the mountain system — one that doesn't lose touch with the microlevel realities of the people living in mountain communities — IDRC has brought together researchers from China, India, Pakistan, and Nepal. The team is focusing its research on small and medium-scale watersheds. They started by gathering baseline data and putting in place mechanisms for monitoring the rapidly changing dynamics between human activity and the environment. To date, the team has generated the most comprehensive hydrometeorological data of the region. This information has been translated into numerous development projects at the community level. For example, communities have worked together to rehabilitate degraded land, limit soil erosion, and address drinking and irrigation water shortages. The team's research has also influenced national government policy. This project, which closes in 2001, is also being supported by the Swiss Agency for Development and Cooperation.



IDRC's  
HUMAN AND  
FINANCIAL  
RESOURCES





## GOVERNANCE

### OVERVIEW

The architects of IDRC created a unique institution — launched and supported by the Canadian Parliament yet directed by an international Board of Governors. The IDRC Act stipulates that, of the 21-member Board of Governors, only the Board's Chairman, Vice-Chairman, and nine other members are to be Canadian. By tradition, the remaining 10 come from developing and OECD countries. This international dimension helps define the Centre's distinctive character and contributes to its effectiveness. The late A.F. Wynne Plumptre, associated with IDRC's formation and early years, wrote in 1975 that the Board's international composition "has been of great help in establishing the necessary mutual confidence between the Centre and the research agencies and governments with which it must deal."

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The value of this approach has been recognized elsewhere. The act establishing the International Centre for Human Rights and Democratic Development (now Rights and Democracy) allows for non-Canadians to serve on its board.

The IDRC Board of Governors meets three times a year. In addition, the Board has three standing committees: the Finance and Audit Committee (which meets via teleconference four times a year), the Human Resources Committee, and the Executive Committee (both of which meet three times a year, also via teleconference).

Board members visit projects at least once during their mandate to familiarize themselves with IDRC's work in the field.

### BOARD RESPONSIBILITIES

The Board of Governors sits at the apex of the Centre's corporate structure. It provides strategic leadership, sanctions the general orientation of the Centre, and approves financial, administrative, and human resource policies. It must also approve the Centre's annual program of work and budget and establish accountability for current activities. To fulfil this responsibility, the Board receives regular reports from IDRC staff and management. Along with the Centre's audit regime, these reports help ensure that corporate objectives are being met and that resources and assets are protected and well managed. The Board works by consensus.

The annual audit regime includes both internal and external audits. The Board has also approved a resolution inviting the Auditor General to conduct a special examination of the Centre's systems and practices. These audits are conducted approximately every 5 years.

In 2000/01, the Centre's Operational Review Working Group's (ORWG) recommendations, supported by the Senior Management Committee and the Finance and Audit Committee, were presented to the Board. The ORWG had been commissioned by the President in March 2000 to examine how the Centre could reduce its support and operational costs. The governors approved the closure of the Southern Africa Regional Office. The Board also reviewed the restructuring of the Latin America and Caribbean Office, the Centre's library, and IDRC Books.

### IDENTIFYING AND MANAGING RISK

The Finance and Audit Committee is responsible for ensuring that the principal risks of the Centre's business have been identified and are being properly managed. However, not all risk is financial; research is known to be a risky activity. Sometimes it may not yield results. Other times, satisfactory results may be obtained, but may not necessarily be adopted by potential users. The Board manages risk through careful planning and regular monitoring. With the Corporate Strategy and Program Framework for 2000–2005 providing direction and with internal checks firmly in place, the governors are able to assess programs and identify risks on an on-going basis.

### WORKING WITH MANAGEMENT

While the Board provides strategic direction, the Senior Management Committee is responsible for assisting the President in the day-to-day management of the Centre. The Committee meets twice a month, and when called by the President. The President provides a report of Centre activities at each Board meeting and submits an annual report on the year's achievements and future objectives.

### BOARD INDEPENDENCE

The Board has established various structures and procedures that allow it to function independently of management. The roles of the Chairman and the President, who is the CEO, are separate: the Chairman manages the affairs of the Board; the President is responsible for Centre management. The Chairman and the President are both appointed by Governor-in-Council.

The Board has a stringent conflict of interest policy to maintain the highest standard of integrity for its members and for the Centre as a whole.

### A Tribute to Vulimiri Ramalingaswami

Professor Vulimiri Ramalingaswami — respected educator, distinguished scientist, and valued member of IDRC's Board of Governors — passed away in New Delhi on May 28, 2001, at the age of 80.

A professor of pathology at the All-India Institute of Medical Sciences since 1957, Prof. Ramalingaswami was the best known research scientist in the field of medicine from India. He was designated as the National Research Professor in 1995 by the Central Government in recognition of his great contributions in the field of medical research. Dr Ramalingaswami's chief contributions are in the fields of human malnutrition, particularly protein-calorie malnutrition, iodine deficiency disorder, and liver diseases in the tropics. He also developed medical education patterns adapted to developing countries. In recent years, he was engaged in the study of reemerging infections in India and was working on the development of a national surveillance system for infectious diseases.

Dr Ramalingaswami was also Chair of the National Advisory Committee, Micronutrient Initiative (India). Appointed to IDRC's Board in 1994, he was reappointed in 1998 and was a member of the Executive Committee.

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### BOARD MEMBERSHIP 2000/01

**Gordon S. Smith**, Chairman, Board of Governors, Victoria, Canada  
Director of the Centre for Global Studies at the University of Victoria and former Deputy Minister of Foreign Affairs

**Margaret Catley-Carlson**, New York, United States  
Vice-Chairman of the Board  
Consultant and former President of the Population Council in New York

**Maureen O'Neil**, President, IDRC, Ottawa, Canada  
Former President of the International Centre for Human Rights and Democratic Development and former President of the North-South Institute

**Mervat Badawi**, Safat, Kuwait  
Director, Technical Department for the Arab Fund for Economic and Social Development

**Marie Battiste**, Saskatoon, Canada  
Professor, Indian and Northern Education Program, University of Saskatchewan, and Executive Director of the Apamuek Institute in Eskasoni, Nova Scotia

**Lalla Ben Barka**, Addis Ababa, Ethiopia \*

Deputy Executive Secretary, United Nations Economic Commission for Africa

**Herb Breau**, Ottawa, Canada \*\*  
Businessman and former Member of Parliament

**Beryl Gaffney**, Ottawa, Canada  
Former Member of Parliament and former Councillor of the City of Nepean and of the Regional Municipality of Ottawa-Carleton

**Jacques Gérin**, Montréal, Canada

Consultant, Hatch & Associés, Inc., Chairman of the International Institute for Sustainable Development, and Chairman of the Panel on Ecological Integrity of Canada's National Parks

**Octavio Gómez-Dantés**, Mexico City, Mexico

Director, Performance Evaluation, Ministry of Health, Mexico

**Len Good**, Ottawa, Canada

President of the Canadian International Development Agency, former Deputy Minister of the Department of Environment Canada, and formerly Canada's Executive Director at the World Bank

**Dan Martin**, Chicago, United States \*\*\*

Director, Ecosystem Conservation and Policy, Program on Global Security and Sustainability, John D. and Catherine T. MacArthur Foundation

**Sir Alister McIntyre**, Kingston, Jamaica

Chief Technical Advisor, CARICOM Regional Negotiating Machinery and former Vice Chancellor, University of the West Indies

**Tom McKay**, Kitchener, Canada

Certified management accountant, consultant, and former Chief Administrative Officer for the City of Kitchener

**Norah Olembo**, Nairobi, Kenya \*

Director, Kenya Industrial Property Office

**Jean-Guy Paquet**, Ste-Foy, Canada

President and Chief Executive Officer, National Optics Institute and former Chief Executive Officer of Laurentian Life Inc.

**Vulimiri Ramalingaswami**, New Delhi, India

National Research Professor, Department of Pathology, All-India Institute of Medical Sciences, and physician and medical researcher

**Francisco Sagasti**, Lima, Peru

President, FORO Nacional/Internacional and former Chief of Strategic Planning at the World Bank

**Rodger Schwass**, Tara, Canada

Professor Emeritus and Senior Scholar, Faculty of Environmental Studies, York University

**Paulynn Sicam**, Makati City, Philippines

Editor, *Cyberdyaryo*, Pan Philippines News and Information Network and Director, Peace and Human Rights Desk, Benigno Aquino Foundation

**Olav Slaymaker**, Vancouver, Canada

Academic Director of the Liu Centre for the Study of Global Issues and Professor of Geography, University of British Columbia

**Linda Sheppard Whalen**, St John's, Canada \*

Chief Executive Officer, Centre for Long-term Environmental Action in Newfoundland

\* Appointed 2000

\*\* Term ended June 2000

\*\*\* Reappointed August 2000



## SENIOR MANAGEMENT COMMITTEE 2000/01

**Maureen O'Neil**, President

Former President of the International Centre for Human Rights and Democratic Development and former President of the North-South Institute

**Claude Briand**, Acting Regional Director, Regional Office for West and Central Africa (effective November 2000)

Chartered Accountant and Regional Controller, IDRC Regional Office for West and Central Africa

**Johanne Charbonneau**, Vice-President, Resources and Chief Financial Officer  
Certified General Accountant and former Vice-President, Finance and Chief Financial Officer, Canada Deposit Insurance Corporation

**Peter Cooper**, Director, Environment and Natural Resource Management\*  
Soil scientist, and former Leader, Systems Evaluation and Dissemination Program, International Centre for Research in Agroforestry, Kenya

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**Roger Finan**, Regional Director, Regional Office for South Asia  
Chartered management accountant and former Director, Internal Audit, IDRC

**Richard Fuchs**, Director, Information and Communication Technologies for Development\*\*  
Sociologist, former President of Futureworks Inc., and former Commissioner of the Newfoundland Economic Recovery Commission

**John Hardie**, Chief of Staff and Director, Policy and Planning  
Agricultural economist and former economist, Agriculture Canada

**Judith Lockett**, Director, Human Resources  
Human resources specialist and former Director General of Management Planning and Operations Directorate, Health Canada

**Rohinton Medhora**, Director, Social and Economic Equity  
Economist, and former Team Leader, Trade, Employment, and Competitiveness program initiative, IDRC

**Stephen McGurk**, Regional Director, Regional Office for Southeast and East Asia  
Development economist and former Program Officer of the Economic Security Program, Ford Foundation

**Luis Navarro**, Acting Regional Director, Regional Office for East and Southern Africa (as of February 2001)  
Agricultural economist and Team Leader, People, Land, and Water program initiative, IDRC

**Caroline Pestieau**, Vice-President, Programs  
Economist and former Deputy Chair, Economic Council of Canada

**Eglal Rached**, Regional Director, Regional Office for the Middle East and North Africa  
Renewable resources and agriculture specialist and former Chief Scientist, Food Security, IDRC

**Eva Rathgeber**, Regional Director, Regional Office for Eastern and Southern Africa\*\*\*  
Comparative education specialist and former Coordinator, Gender and Development Unit,  
IDRC

**Robert Robertson**, General Counsel  
Barrister and solicitor of the Ontario Bar and past President of Amnesty International  
(Canada)

**Carlos Seré**, Regional Director, Regional Office for Latin America and the Caribbean  
Agricultural economist and former Program Officer, Environment and Natural Resources,  
IDRC

**Sibry Tapsoba**, Regional Director, Regional Office for West and Central Africa\*\*\*\*  
Comparative education specialist and former Senior Program Specialist, IDRC

**Marc Van Ameringen**, Regional Director, Regional Office for Southern Africa  
Political scientist and former Coordinator of the South Africa Program, IDRC

\* appointed September 2000

\*\* appointed January 2000

\*\*\* resigned November 2000

\*\*\*\* resigned October 2000

## HOW TO REACH US

### On The Internet

<a href="http://www.idrc.ca">www.idrc.ca</a>	to access IDRC's corporate Web site
<a href="http://idrinfo.idrc.ca">idrinfo.idrc.ca</a>	to access library catalogues and databases
<a href="mailto:info@idrc.ca">info@idrc.ca</a>	to get general information
<a href="mailto:reference@idrc.ca">reference@idrc.ca</a>	to reach the library reference desk
<a href="mailto:pub@idrc.ca">pub@idrc.ca</a>	to get information on IDRC publications
<a href="mailto:mag@idrc.ca">mag@idrc.ca</a>	to send a letter to the editor of <i>Reports Online</i>

### Head Office

PO Box 8500, Ottawa, ON, Canada K1G 3H9  
*Street address:* 250 Albert Street, 5th floor, Ottawa, ON, Canada K1P 6M1  
 Phone: (+1-613) 236-6163  
 Fax: (+1-613) 238-7230  
 Email: [info@idrc.ca](mailto:info@idrc.ca)  
 Web: [www.idrc.ca](http://www.idrc.ca)

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### Asia

#### Regional Office for Southeast and East Asia

Tanglin PO Box 101, Singapore 912404,  
 Republic of Singapore  
*Street address:* 30 Orange Grove Road, 7th floor,  
 RELC Building, Singapore 258352,  
 Republic of Singapore

Phone: (+65) 235-1344, 235-1576, 235-1865  
 Fax: (+65) 235-1849  
 Email: [asro@idrc.org.sg](mailto:asro@idrc.org.sg)  
 Web: [www.idrc.org.sg](http://www.idrc.org.sg)

#### Regional Office for South Asia

208 Jor Bagh, New Delhi 110003, India

Phone: (+91-11) 461-9411/12/13  
 Fax: (+91-11) 462-2707  
 Email: [saro@idrc.org.in](mailto:saro@idrc.org.in)  
 Web: [www.idrc.ca/saro](http://www.idrc.ca/saro)

### Latin America and the Caribbean

#### Regional Office for Latin America and the Caribbean

Casilla de Correo 6379, Montevideo, Uruguay  
*Street address:* PZA, Cagancha 1335, Piso 9, 11100  
 Montevideo, Uruguay

Phone: (+598-2) 902-2031 to 34, 902-2037 to 43  
 Fax: (+598-2) 902-0223  
 Email: [lacro@idrc.org.uy](mailto:lacro@idrc.org.uy)  
 Web: [www.idrc.ca/lacro](http://www.idrc.ca/lacro)

### Africa

#### Regional Office for Eastern and Southern Africa

PO Box 62084, Nairobi, Kenya  
*Street address:* Liaison House, 2nd and 3rd floors,  
 State House Avenue, Nairobi, Kenya  
 (please address all mail to the  
 IDRC Regional Director)

Phone: (+254-2) 713160/1, 713273/4, 713355/6,  
 713578/9, 713690/1, 713699  
 Fax: (+254-2) 711063  
 Email: [chunja@idrc.or.ke](mailto:chunja@idrc.or.ke)  
 Web: [www.idrc.ca/earo](http://www.idrc.ca/earo)

#### Regional Office for the Middle East and North Africa

PO Box 14 Orman, Giza, Cairo, Egypt  
*Street address:* 3 Amman Square, 5th floor,  
 Dokki, Cairo, Egypt

Phone: (+20-2) 336-7051/52/53/54/57  
 Fax: (+20-2) 336-7056  
 Email: [skamel@idrc.org.eg](mailto:skamel@idrc.org.eg)  
 Web: [www.idrc.ca/cairo](http://www.idrc.ca/cairo)

#### Regional Office for West and Central Africa

BP 11007, CD Annexe, Dakar, Senegal  
*Street address:* Avenue Cheikh Anta Diop,  
 Angle Boulevard de l'Est, Dakar, Senegal

Phone: (+221) 864-0000  
 Fax: (+221) 825-3255  
 Email: [mdrame@idrc.org.sn](mailto:mdrame@idrc.org.sn)  
 Web: [www.idrc.ca/braco](http://www.idrc.ca/braco)



## FINANCIAL REPORT

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### FINANCIAL OVERVIEW

The Centre's total revenues for 2000/01 were \$135.3 million against total expenses of \$135.3 million, before one-time restructuring costs of \$1.7 million, for a marginal operating surplus of \$38 thousand. After accounting for the restructuring costs, the Centre closed its books with an operating deficit of \$1.6 million, decreasing the opening equity of \$1.8 million to \$0.2 million. Management has taken measures to raise the equity back to \$4 million in the 2001/02 operating plan.

In accordance with the Centre's cost structure, which distinguishes between **development research programs, development research support, and administrative services**, these financial results generated spending ratios of 70/15/15, compared with last year's 71/14/15.

At its March 2000 meeting, the Board of Governors voiced its concerns about the financial position of the Centre and its ability to sustain a healthy level of program spending in the future, a concern also shared by management. To this end, a working group was commissioned by the President to conduct an operational review of the Centre's activities. The challenge was to find an acceptable balance between program and operational expenditures and a reasonable equity balance. Fiscal year 2000/01 was a transition year for the Centre to realign its operations in order to carry out the new Corporate Strategy and Program Framework for 2000–2005. The group was encouraged to explore and advance strategic restructuring initiatives that would not compromise IDRC's mission. The objective of the review was to identify approximately \$4.0 million in savings over the next 3 years with \$1.6 million to come from a realignment of our regional presence.

The restructuring initiatives, subsequently approved by the Board, included the consolidation of the Centre's operations in Eastern and Southern Africa at the regional office in Nairobi, Kenya. This decision will result in the closure of IDRC's



Regional Office for Southern Africa located in Johannesburg, South Africa, by September 2001. Also, the Regional Office for Latin America and the Caribbean was reorganized. From a programing perspective, this means that the Montevideo office will focus more on the Southern Cone and Andean regions leaving programs in Central America and the Caribbean to be managed mainly by staff in Ottawa. Other initiatives include changes in the delivery modality related to IDRC's Information and Communication Technologies for Development program area, the scaling down and reorganization of the library, the divestiture of a semicommercial systems software activity, and the incorporation of two international secretariats and a large corporate project as independent entities. These initiatives are expected to generate net savings of approximately \$2.6 million once fully implemented. The operational review will continue in 2001/02 examining other opportunities to achieve the balance of the savings.

In concert with the operational review, a major effort was initiated by the President to increase the Parliamentary appropriation, IDRC's main source of revenue. During the year, a small task force worked closely with representatives from the Canadian International Development Agency (CIDA) on the common goal of securing an increase in Official Development Assistance (ODA). In the interim, CIDA, as manager of Canada's ODA envelope, facilitated meeting the request of the IDRC Board for an increase of approximately \$4.2 million to IDRC's 2001/02 reference level.

## Program Appropriations

Table 1. Program appropriations (\$000) for 1999/00 and 2000/01.

	2000/01			1999/00	% change actual
	Revised budget	Actual	Variance	Actual	
<b>Total appropriations</b>	<b>\$104 088</b>	<b>\$101 938</b>	<b>(\$2 150)</b>	<b>\$104 000</b>	<b>-2.0%</b>
Development research programs					
Centre programs	44 088	43 565	(523)	46 860	-7.0%
Resource-expansion activities	60 000	58 373	(1 627)	57 140	2.2%

The term appropriation is used to indicate the formal allocation of funds for use in development research program activities. For the year ending 31 March 2001, total program appropriations were \$101.9 million (Table 1). Centre programs reached 99% of budget whereas resource-expansion activities successfully reached 97% of its target. The Centre's budget for appropriations in 2000/01 was set at a lower level than last year.

## Outstanding Commitments

As at 31 March 2001, the Centre was committed to make payments of up to \$110.0 million (31 March 2000, \$128.6 million) over the next 4 years on approximately 900 projects in progress. This commitment is subject to funds being provided by Parliament or external donor partners as well as to compliance, by recipients, to the terms and conditions of project agreements. Accordingly, no liability is recognized in the financial statements. Of the total outstanding

commitments, \$61.4 million is for projects funded through the Parliamentary appropriation, \$45.1 million is for projects funded by other donors, including CIDA, and \$3.5 million is for the Tanzania Essential Health Interventions Project (TEHIP), funded from a supplementary Parliamentary appropriation allocated in the 1993/94 fiscal year.

## Revenue

Table 2. Revenue (\$000) for 1999/00 and 2000/01.

	2000/01			1999/00	% change actual
	Budget	Actual	Variance	Actual	
<b>Total revenue</b>	<b>\$146 905</b>	<b>\$135 308</b>	<b>(\$11 597)</b>	<b>\$137 106</b>	<b>-1.3%</b>
Parliamentary appropriations	92 291	91 242	(1 049)	90 250	1.1%
Resource-expansion activities	50 488	39 796	(10 692)	43 313	-8.1%
Recovery of administration costs, investment, and other income	4 126	4 270	144	3 543	20.5%

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Total revenue for the year amounted to \$135.3 million, a variance of \$11.6 million from the plan (Table 2). Most of this variance is explained by lower income recognized from resource-expansion activities.

The Centre's primary source of revenue continues to be the **Parliamentary appropriation**, representing about 67% of total revenues for the year. The Centre's Parliamentary appropriation is an allocation from Canada's ODA, of which IDRC's share is approximately 4%. The amount actually received was higher than expected because of in-year funding adjustments by Treasury Board related to compensation. The portion of the Parliamentary appropriation used to fund the purchase of capital assets is deferred and amortized on the same basis and over the same period as the related capital assets. The balance is recognized as revenue in the year for which it is approved. This year's total capital funding amounted to \$1.2 million, slightly lower than the \$1.4 million budget, which positively affected the total revenue recognized from the Parliamentary appropriation. The associated amortization of deferred capital funding was \$2.2 million, on target with the budget. Revenue from the supplementary appropriation (TEHIP) reached \$1.7 million for the year, down \$1.9 million from the budget because of a reduction in project activities.

Revenue from resource-expansion activities relates specifically to research conducted or managed by the Centre on behalf of other organizations. The total for the year was \$39.8 million, \$10.7 million lower than planned, mostly because of delays with the commitment of new projects. Revenue from resource-expansion activities includes \$30.1 million in partnership funding from CIDA.

The Centre recovers a portion of its administration costs by charging a fee to manage **resource-expansion** activities. Income from the recovery of administration costs was \$1.8 million for the year or \$0.1 million more than budgeted. Investment income was reported at \$1.2 million, \$0.2 million more than budgeted because of higher yields on investments and a larger investment portfolio. And finally, other income, which includes revenue from office space subleasing,

hospitality and conference facilities, the sale of publications, and other miscellaneous items was \$1.2 million, about \$0.2 million lower than planned, the impact of a net loss on exchange on the evaluation of year-end monetary assets.

## Expenses

Table 3. Expenses (\$000) for 1999/00 and 2000/01.

	2000/01			1999/00	% change actual
	Budget	Actual	Variance	Actual	
<b>Total expenses</b>	<b>\$146 451</b>	<b>\$136 961</b>	<b>(\$9 490)</b>	<b>\$139 738</b>	<b>-1.5%</b>
Development research programs	103 106	95 430	(7 676)	98 397	-3.1%
Development research support	22 016	20 111	(1 905)	20 294	-0.9%
Administrative services	21 329	19 729	(1 600)	21 047	-3.1%
Restructuring costs	0	1 691	1 691	0	100.0%

Total expenses for 2000/01 were \$135.3 million, before restructuring costs of \$1.7 million. This level was under budget by \$11.1 million, which, like the revenues, is mostly explained by a lower level of expenditure on resource-expansion activities.

**Development research programs** reflect the direct costs (mainly in the form of grants and contributions) of scientific and technical research projects either financed or administered by IDRC for both Centre program and resource-expansion activities. For 2000/01, Centre program spending was \$55.6 million, exceeding the budget by \$3.0 million, a result of higher rates of disbursement than planned. Resource-expansion activities were \$39.8 million or \$10.7 million below the expected level, as previously explained, because of delays with the commitment of new projects resulting in net lower expenditures.

**Development research support** represents the costs of knowledge-intensive activities in support of development research programs including the cost of technical support, program complements, and program management. Development research support expenses amounted to \$20.1 million with savings of \$1.9 million from the plan. These savings were primarily attributed to staff vacancies, lower communications costs, and other miscellaneous savings.

**Administrative services** provide a variety of policy, executive, administrative, and service functions that support the Centre's overall operations and corporate responsibilities, including the management costs of seven regional offices. These expenditures amounted to \$19.7 million with reported savings of \$1.6 million. Savings here were also attributed to staff vacancies, lower communications costs, and other miscellaneous savings.

# FINANCIAL STATEMENTS

## RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements presented in this annual report are the responsibility of management and have been reviewed and approved by the Board of Governors of the Centre. The financial statements, which include amounts based on management's best estimates as determined through experience and judgement, have been properly prepared within reasonable limits of materiality and are in accordance with generally accepted accounting principles. Management also assumes responsibility for all other information in the annual report, which is consistent, where applicable, with that contained in the financial statements.

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Management maintains financial systems and practices to provide reasonable assurance as to the reliability of financial information and to ensure that assets are safeguarded and the operations are carried out effectively and in accordance with the International Development Research Centre Act and bylaws of the Centre. The Centre has an Audit Services department whose functions include reviewing internal controls and their application on an ongoing basis.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board benefits from the assistance of its Finance and Audit Committee in overseeing and discharging its financial management responsibility, which includes the review and approval of the financial statements. The Committee, which is made up of governors, meets with management, the internal auditors, and the external auditors on a regular basis.

The Auditor General of Canada conducts an independent examination in accordance with generally accepted auditing standards. Her audit includes appropriate tests and procedures to enable her to express an opinion on the financial statements. The external auditors have full and free access to the Finance and Audit Committee of the Board.



Maureen O'Neil  
President



Johanne Charbonneau  
Vice-President, Resources

22 June 2001





AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

## AUDITOR'S REPORT

To the International Development Research Centre  
and the Minister of Foreign Affairs

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I have audited the balance sheet of the International Development Research Centre as at 31 March 2001 and the statements of operations and changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at 31 March 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'R. Flageole'.

Richard Flageole, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
25 May 2001

## BALANCE SHEET

as at 31 March 2001  
(in thousands of dollars)

	2001	2000
<b>Assets</b>		
Current		
Cash and short-term investments (Note 3)		
Unrestricted	8 212	8 417
Restricted	31 050	24 250
Accounts receivable (Note 4)	14 322	10 398
Prepaid expenses	1 404	1 495
	<u>54 988</u>	<u>44 560</u>
Long-term investments (Note 5)	2 983	2 983
Capital assets (Note 6)	5 817	6 761
Recoverable deposits	144	152
Endowment funds (Note 7)	490	522
	<u><b>64 422</b></u>	<u><b>54 978</b></u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 4)	9 453	8 711
Deferred revenue (Note 8)	42 094	31 215
	<u>51 547</u>	<u>39 926</u>
Deferred revenue — long-term (Note 8)	1 585	1 572
Deferred funding — capital assets (Note 9)	5 817	6 761
Provision for employee future benefits	3 343	3 178
Deferred rent — head office	1 484	1 210
Endowment funds (Note 7)	490	522
	<u>64 266</u>	<u>53 169</u>
<b>Equity</b>		
	156	1 809
	<u><b>64 422</b></u>	<u><b>54 978</b></u>
Commitments (Note 14 and 15)		
Contingencies (Note 17)		

*The accompanying notes form an integral part of the financial statements.*

Approved on behalf of the Board:

*Naureen O'Neil*

President



Vice President, Resources  
and Chief Financial Officer

## STATEMENT OF OPERATIONS AND CHANGES IN EQUITY

for the year ended 31 March 2001

(in thousands of dollars)

	2001	2000
<b>Revenues</b>		
Resource expansion (Note 10)	39 796	43 313
Recovery of administration costs (Note 10)	1 810	1 746
Investment income	1 223	387
Other income	1 237	1 410
	<u>44 066</u>	<u>46 856</u>
<b>Expenses</b>		
Development research programs		
Centre programs	55 634	55 084
Resource expansion	39 796	43 313
	<u>95 430</u>	<u>98 397</u>
Development research support		
Technical support	9 636	9 224
Program complements	6 269	7 029
Program management	4 206	4 041
	<u>20 111</u>	<u>20 294</u>
Administrative services		
Administration	14 719	15 474
Regional office management	5 010	5 573
	<u>19 729</u>	<u>21 047</u>
	<u>135 270</u>	<u>139 738</u>
Net cost of operations before government funding	<u>(91 204)</u>	<u>(92 882)</u>
Parliamentary appropriation (Note 11)	87 342	85 073
Supplementary Parliamentary appropriation (Note 12)	1 727	2 923
Amortization of deferred funding — capital assets (Note 9)	2 173	2 254
	<u>91 242</u>	<u>90 250</u>
Results of operations before restructuring costs	38	(2 632)
Restructuring costs (Note 13)	<u>1 691</u>	<u>—</u>
Net results of operations	(1 653)	(2 632)
Equity at beginning of the year	1 809	4 441
Equity at end of the year	<u>156</u>	<u>1 809</u>

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2001  
(in thousands of dollars)

	2001	2000
<b>Cash flows from operating activities</b>		
Net results of operations	(1 653)	(2 632)
Items not affecting cash		
Amortization of capital assets	2 173	2 254
Gain on disposal of capital assets	(11)	(40)
Provision for employee future benefits	621	430
Amortization of deferred funding — capital assets	(2 173)	(2 254)
Amortization of deferred rent	274	274
	(769)	(1 968)
Net change in working capital other than cash and short-term investments	7 341	6 036
<b>Net cash flows from operating activities</b>	<b>6 572</b>	<b>4 068</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in deferred revenue — long-term	13	(2 547)
Capital funding	1 229	1 946
<b>Net cash flows from (used in) financing activities</b>	<b>1 242</b>	<b>(601)</b>
<b>Cash flows from investing activities</b>		
Additions to capital assets	(1 218)	(1 905)
Increase in restricted cash	(6 801)	(1 569)
<b>Net cash flows used in investing activities</b>	<b>(8 019)</b>	<b>(3 474)</b>
<b>Net decrease in cash</b>	<b>(205)</b>	<b>(7)</b>
Unrestricted cash and short-term investments, beginning of the year	8 417	8 424
<b>Unrestricted cash and short-term investments, end of the year</b>	<b>8 212</b>	<b>8 417</b>

*The accompanying notes form an integral part of the financial statements.*



## NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars unless otherwise stated)

### 1. Authority and objective

The International Development Research Centre (the Centre), a corporation without share capital, was established in 1970 by the Parliament of Canada through the International Development Research Centre Act. The Centre is funded mainly through an annual appropriation received from the Parliament of Canada. For purposes of the Income Tax Act, the Centre is deemed to be a registered charitable organization.

The objective of the Centre is to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions.

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### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies.

#### a) Government funding

The portion of the Parliamentary appropriation used to fund the purchase of capital assets is deferred and amortized on the same basis and over the same period as the related capital assets. The balance is recognized in the year for which it is approved. Parliamentary appropriations received for specific projects are deferred and recognized when the related project expenses are incurred.

#### b) Revenues

Funds received or receivable in respect to resource-expansion contracts are recorded as deferred revenues. These deferred revenues are recognized as revenues in the year in which the related project expenses are incurred. All other revenues are recorded on the accrual basis of accounting.

#### c) Grant payments

All contractual grant payments are subject to the provision of funds by Parliament. They are recorded as an expense in the year they come due under the terms and conditions of the agreements and the Centre's payment policy. Refunds on previously disbursed grant payments are credited against the current year's expenses when the project is active or to other income when the project is closed.

**d) Capital assets and amortization**

Capital assets are recorded at cost and amortized, starting in the subsequent year of acquisition, over their estimated useful lives on a straight-line basis. The estimated useful life of each capital asset class is as follows:

Computer equipment	3 years
Software	3 or 5 years
Office furniture and equipment	5 years
Vehicles	3 years
Telephone system	5 years
Leasehold improvements	Remaining term of lease

**e) Investments**

Short-term investments are recorded at the lower of cost and market value. Long-term investments are recorded at cost. When there is a loss in value that is other than a temporary decline, the long-term investment is written down to recognize the loss.

**f) Endowment funds**

Endowment funds include amounts received by way of bequest, gift, or donation and are generally specific as to purpose. Expenditures relating to these funds are charged against the relevant portion of the endowment in the year they are incurred. Revenues earned on these funds are credited to the endowment funds.

**g) Foreign-currency translation**

Foreign-currency transactions are translated, weekly, into Canadian dollars at the exchange rate in effect on the last day of the previous week. Monetary assets and liabilities are adjusted to reflect the rate of exchange in effect at year-end. Exchange gains and losses are included in operations for the current year under other income.

**h) Provision for employee future benefits**

Employees with more than 5 years of service are entitled to a severance benefit calculated on the basis of 1 week of salary per year of service. The liability for this benefit is recorded in the accounts as the benefits accrue to employees.

**i) Deferred rent**

Any rent-free period or other incentives associated with long-term leases are deferred and amortized over the term of the lease on a straight-line basis as a reduction to the expense.

**j) Pension costs**

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from the employees and the Centre. These contributions represent the total pension obligations of the Centre and are recognized in the accounts on a current basis. The Centre is not required under current legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account. The Centre's current year pension expense is \$2 042 (2000, \$1 136).

### 3. Cash and short-term investments

	2001	2000
Cash	2 131	3 719
Short-term investments		
Canadian chartered banks	19 795	18 963
Commercial corporations	15 346	9 971
Foreign-owned banks	1 990	14
	<u>39 262</u>	<u>32 667</u>

The Centre is authorized to invest in interest-bearing securities such as issued by the above-noted entities. These funds are invested in short-term money market instruments that are rated R-1 (low) or better by a recognized bond-rating agency. The investment vehicles consist primarily of banker's acceptances, term deposits, and short-term notes.

The average yield of the portfolio, as at 31 March 2001 is 5.07% (2000, 5.32%) and the average term to maturity is 72 days (2000, 85 days). The fair market value of the investment portfolio as at 31 March 2001 approximates the net book value.

The Centre has various banks accounts, some of which have a line of credit associated with them. As at 31 March 2001, all balances in these line of credit accounts were nil.

Of the total cash and short-term investments, \$31 050 (2000, \$24 250) is restricted for specific research activities as follows:

	2001	2000
Resource expansion	27 583	19 055
Health support — Africa	3 467	5 195
	<u>31 050</u>	<u>24 250</u>

### 4. Accounts receivable and payable

Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are noninterest bearing. The carrying amounts of each approximate fair value because of their short maturity. A significant portion (69%) of accounts receivable are due from the Canadian International Development Agency (CIDA) and do not present a significant credit risk. Of the total accounts receivable, \$12 629 (2000, \$8 537) is on account of resource-expansion activities.

### 5. Long-term investments

These funds are invested in a Government of Canada bond, which matures in 2004. The average yield of the bond, as at 31 March 2001 is 6.50% (2000, 6.50%), and the initial average term to maturity is 7 years. The fair market value of the bond as at 31 March 2001 is \$3 135 (2000, \$3 044).

## 6. Capital assets

	Cost		Accumulated amortization		Net book value	
	2001	2000	2001	2000	2001	2000
Computer equipment	6 747	6 955	5 605	5 661	1 142	1 294
Leasehold improvements	2 007	1 963	1 116	1 219	891	744
Software	4 480	4 318	1 661	767	2 819	3 551
Office furniture and equipment	1 867	1 839	1 410	1 378	457	461
Telephone system	1 386	1 376	1 168	1 086	218	290
Vehicles	1 009	1 000	719	579	290	421
	<u>17 496</u>	<u>17 451</u>	<u>11 679</u>	<u>10 690</u>	<u>5 817</u>	<u>6 761</u>

Amortization expense for the year is \$2 173 (2000, \$2 254).

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## 7. Endowment funds

From time to time, the Centre receives bequests and donations from benefactors and administers the funds as directed. The activity for the year is as follows:

	2001	2000
Balance at the beginning of the year	522	354
New contributions	—	150
Interest income	24	18
Expenses	(56)	—
Balance at the end of the year	<u>490</u>	<u>522</u>

## 8. Deferred revenue

Deferred revenue includes the unspent portion at 31 March 2001 of funds received or receivable on resource-expansion activities as well as the unspent portion of the supplementary Parliamentary appropriation received in March 1994 (see Note 12). Details of these balances are as follows:

	2001	2000
<b>Current</b>		
Resource expansion	40 212	27 592
Supplementary Parliamentary appropriation		
Health support — Africa	1 882	3 623
	<u>42 094</u>	<u>31 215</u>
<b>Long-term</b>		
Supplementary Parliamentary appropriation		
Health support — Africa	1 585	1 572
Total	<u>43 679</u>	<u>32 787</u>

Of the total deferred resource-expansion funding, CIDA accounts for \$27 972 (2000, \$20 346), of which \$18 048 (2000, \$14 063) was received and \$9 924 (2000, \$6 283) is receivable at year-end.



## 9. Deferred funding — capital assets

	2001	2000
Balance at beginning of year	6 761	7 069
Funding for capital assets purchased	1 229	1 946
Amortization	(2 173)	(2 254)
Balance at end of year	<u>5 817</u>	<u>6 761</u>

## 10. Resource-expansion activities

Resource-expansion activities relate specifically to research conducted or managed by the Centre on behalf of other organizations. This research is funded by CIDA, other Government of Canada entities, and other agencies. A breakdown of the revenue recognition for resource expansion is provided below:

	2001	2000
CIDA	30 137	31 237
Other agencies	8,826	11 567
Other Government of Canada entities	833	509
	<u>39 796</u>	<u>43 313</u>

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The Centre recovers administration costs on resource-expansion activities. This year's total is \$1 810 (2000, \$1 746) of which \$1 062 (2000, \$926) was recovered from CIDA.

## 11. Parliamentary appropriation

	2001	2000
Parliamentary appropriation approved	88 571	87 019
Deferral for capital assets purchased (Note 9)	(1 229)	(1 946)
Parliamentary appropriation recognized in the statement of operations and changes in equity	<u>87 342</u>	<u>85 073</u>

## 12. Supplementary Parliamentary appropriation

In March 1994, the Centre received a supplementary Parliamentary appropriation of \$27 million for two specific projects. For the current fiscal year, the total revenue recognized is \$1.7 million (2000, \$2.9 million).

## 13. Restructuring costs

After several years of gradual erosion from persistent cost inflation and declining revenue in real terms from Parliamentary appropriations, management implemented a comprehensive restructuring program that was approved by the Board of Governors in March 2001. The most important restructuring initiatives include the closure of the Regional Office for Southern Africa, at an estimated cost of \$1.1 million, the reorganization of the Regional Office for Latin America and the Caribbean, and the consolidation of several other corporate functions. The

restructuring is expected to be completed by 30 September 2001 at an estimated total cost of \$1.7 million, which includes termination benefits of \$0.6 million. The liability for the restructuring costs is estimated at \$1.6 million and is included in accounts payable and accrued liabilities.

#### 14. Operating lease commitments

The Centre has entered into various lease arrangements for staff accommodation in various countries and for office premises and equipment in Canada and abroad. Those lease agreements expire at different dates up to 2009. The total minimum annual payments under various lease arrangements will be as follows:

2001/02	5 152
2002/03	5 359
2003/04	5 243
2004/05	4 969
2005-2009	16 394
Total	<u>37 117</u>

#### 15. Contractual commitments — project grants and project development

The Centre is committed to make payments up to \$110.0 million (2000, \$128.6 million) during the next 4 years subject to funds being provided by Parliament or external partners and subject to compliance by recipients with the terms and conditions of project agreements. Of this amount, the Centre is responsible for \$61.4 million (2000, \$69.9 million) and the balance of \$48.6 million (2000, \$58.7 million) is provided by external partners.

#### 16. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Centre is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Centre enters into transactions with these entities in the normal course of business.

#### 17. Contingencies

A claim of approximately \$0.8 million relating to a leased property in India remains outstanding at the end of the year. Based on the advice of legal counsel, management is of the opinion that it is not possible to determine the amount of the liability, if any, that may result from settlement of this claim. The Centre is a defendant in other pending lawsuits. In management's opinion, the outcome of these other actions is not likely to result in any material liabilities.

#### 18. Comparative figures

Certain 2000 comparative amounts have been reclassified to conform to the financial statements presentation adopted in 2001.